

How to save tax

	Tax-free Savings Account	Registered Education Savings Plan	Registered Disability Savings Plan																						
Purpose	Any adult's future purchases.	Child's post-secondary education costs.	Income for adults with severe or prolonged disabilities.																						
Tax benefits	Investment income never taxed.	Investment income and government grants will be taxed in child's hands at the time of withdrawal. If the child does not attend school by age 21 the parent may transfer up to \$50,000 to an RRSP, provided he or she has RRSP room and the RESP is not in a group plan.	Investment income and government grants will be taxed in the hands of the plan beneficiary as he or she makes withdrawals starting no later than 61st birthday year.																						
Government grants and other payments	No grants provided, but income from accounts will not affect eligibility for Old Age Security in retirement.	<table border="1"> <thead> <tr> <th>Family income</th> <th>2009 maximum grant/bond</th> </tr> </thead> <tbody> <tr> <td>\$38,832 or less</td> <td>\$500 per child first year \$100 a year for up to 15</td> </tr> <tr> <td>\$38,832 or less</td> <td>\$200 for first \$500 saved</td> </tr> <tr> <td>\$38,832 to \$77,664</td> <td>\$150 for first \$500 saved</td> </tr> <tr> <td>More than \$77,664</td> <td>\$100 for first \$500 saved</td> </tr> <tr> <td>All families</td> <td>\$400 for next \$2,000 saved</td> </tr> </tbody> </table> <ul style="list-style-type: none"> •\$7,200 in total, payable up to the year child turns 17. 	Family income	2009 maximum grant/bond	\$38,832 or less	\$500 per child first year \$100 a year for up to 15	\$38,832 or less	\$200 for first \$500 saved	\$38,832 to \$77,664	\$150 for first \$500 saved	More than \$77,664	\$100 for first \$500 saved	All families	\$400 for next \$2,000 saved	<table border="1"> <thead> <tr> <th>Family income</th> <th>2009 maximum grant/bond</th> </tr> </thead> <tbody> <tr> <td>\$21,287 or less</td> <td>\$1,000 if zero saved</td> </tr> <tr> <td>\$21,287 to \$37,885</td> <td>Part of \$1,000 if zero saved</td> </tr> <tr> <td>\$75,769 or less</td> <td>\$1,500 if \$500 saved \$3,500 if \$2,000 saved</td> </tr> <tr> <td>More than \$75,769</td> <td>\$1,000 if \$1,000 saved</td> </tr> </tbody> </table> <ul style="list-style-type: none"> •Up to \$70,000 in grants, \$20,000 in bonds payable before person turns 49. •Income from the savings plan will not affect eligibility income-tested benefits delivered through the tax system. Contributions will not affect eligibility for Ontario social assistance. •If the beneficiary dies or ceases to qualify, if the account is terminated or deregistered, or if money is withdrawn, the last 10 years worth of grants withdrawn must be repaid. 	Family income	2009 maximum grant/bond	\$21,287 or less	\$1,000 if zero saved	\$21,287 to \$37,885	Part of \$1,000 if zero saved	\$75,769 or less	\$1,500 if \$500 saved \$3,500 if \$2,000 saved	More than \$75,769	\$1,000 if \$1,000 saved
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Contribution limitations	<ul style="list-style-type: none"> •One account per person. •Save \$5,000 a year from age 18. Limit to rise over time. •A taxpayer may also contribute to the plan of a spouse. •Money withdrawn may be replaced the following year or later without affecting your right to add another \$5,000. 	<ul style="list-style-type: none"> •\$50,000 per child. No annual limit, but you would lose grants if you do not contribute annually. •Contribute for up to 31 years to age 35. If person is disabled, for 35 years to age 40. 	<ul style="list-style-type: none"> •Contributions may be made by any person to an account established by or for a Canadian resident eligible for the Disability Tax Credit. •Up to \$200,000 before age 60. 																						
Annual contribution deadline	December 31	December 31	December 31 except for 2008. 2008 deadline extended to March 2, 2009.																						
Where to go?	Most major financial institutions and securities dealers.	Numerous financial institutions. For a list of promoters or other information contact Human Resources and Skills Development Canada, http://tinyurl.com/b6b85f	Bank of Montreal. Canadian Imperial Bank of Commerce, Royal Bank of Canada.																						
Words of caution	<ul style="list-style-type: none"> •Many investment options will be available, but initially your options will depend on the amount of your savings. •Before setting up a new account, investigate which investment options a particular institution will offer, and what are the various fees. •If you are not experienced with a particular investment choice, do some research or seek independent advice. •Remember that mutual fund returns are not guaranteed. Some grants must be repaid under certain circumstances. •Read contracts and brochures for additional information and rules. 																								